



AGENDA ITEM SUMMARY

District Impacted

- ☐ 1 = Wolosin
- ☐ 2 = Woolard
- ☐ 3 = Scott
- ☐ 4 = Boddie
- ☐ 5 = Macaluso
- ☒ All

Agenda Date	<i>March 14, 2023</i>
Requested Action	Approve Resolution No. 2023-R19; authorizing the City Manager to enter into an inter-fund loan agreement for a Gas Utility Capital Project.
Contact Person	Sarah Buckelew, Finance Director
Background Information	There has been determined a need for design services for an Eastern Distribution Gas Loop for the Gas Utility. Upon reviewing potential funding sources for design and construction, City staff has determined that the Electric Fund has available fund balance, and an inter-fund loan from the Electric Fund and Gas Fund would save the City as much as \$495,000 over a 10-year term.
Item Justification	<div style="display: flex; justify-content: space-between;"> <div> <p><input checked="" type="checkbox"/> Legal/Regulatory Obligation</p> <p><input checked="" type="checkbox"/> Reduce Costs</p> <p><input type="checkbox"/> Increase Revenue</p> <p><input checked="" type="checkbox"/> Mitigate Risk</p> <p><input type="checkbox"/> Master Plan</p> <p>Recommendation</p> </div> <div> <p><input checked="" type="checkbox"/> Infrastructure Investment</p> <p><input type="checkbox"/> Customer Pull</p> <p><input type="checkbox"/> Service Enhancement</p> <p><input checked="" type="checkbox"/> Process Efficiency</p> <p><input type="checkbox"/> Other: _____</p> </div> </div>
Financial Considerations	<p>The following are the proposed maximum loan amounts for Fiscal Year 22-23 for design services for the gas project:</p> <p>Gas Fund – Advances from Other Funds – \$500,000 Electric Fund – Advances to Other Funds – \$500,000</p> <p>The following are the proposed loan amounts for Fiscal Year 23-24 for proposed construction costs for the gas project. The agreement for the construction contract will come before Council at a later date.</p> <p>Gas Fund – Advances from Other Funds – \$2,500,000 Electric Fund – Advances to Other Funds – \$2,500,000</p> <p>The maximum total inter-fund loan would be an amount not to exceed \$3,000,000. The term of repayment would be over 10 years at a 3% interest rate.</p>

Citizen Input/Board Review	N/A
Legal Review	Attached inter-fund agreement was reviewed by Legal as to form.
Alternative Options	External funding in the form of debt, would cost the City approximately \$495,000 to a third party.
Supporting Documents	Inter-fund Loan Agreement